

Message Text

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14

ACTION NEA-12

INFO OCT-01 ISO-00 AGR-20 EUR-25 AID-20 EB-11 COME-00

TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01 L-03 OMB-01

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R 030720Z DEC 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2313

LIMITED OFFICIAL USE ISLAMABAD 10397

E.O. 11652: N/A

TAGS: EIND, PK

SUBJ: POSSIBLE KELLOG DIFFICULTIES IN CLINCHING MULTAN
FERTILIZER PLANT CONTRACT

FOLLOWING SENT ACTION ISLAMABAD, INFO LAHORE FROM KARACHI
NOVEMBER 14 REPEATED FOR YOUR INFO.

QUOTE

LIMITED OFFICIAL USE KARACHI 2365

E.O. 11652: N/A

TAGS: EIND, PK

SUBJECT: POSSIBLE KELLOGG DIFFICULTIES IN CLINCHING
MULTAN FERTILIZER PLANT CONTRACT

1. LOCAL KELLOGG INTERNATIONAL COPW. REP AMIR CHINYOY
CALLED AT CONGEN NOVEMBER 12 TO SAY PIDC HAD NOW
EVALUATED TENDERS FOR CONTRUCTION MULTAN FERTILIZER
PLANT AND KELLOGG ALMOST SURELY CHOSEN CONTRUCT
AMMONIA PLANT, PROJECT, FOR FINANCING REASONS, HAD
BEEN DIVIDED INTO TWO PARTS: 1) BASIC AMMONIA PLANT
ON WHICH KELLOGG HAD BID (TO BE FINANCED BY WORLD BANK);
AND 2) DOWN-STREAM NITRIC ACID AND NITRO PHOSPHATE PLANT
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FOR WHICH GERMAN FIRM, UDHE, WAS SUCCESSFUL BIDDER

(TO BE FINANCED BY ADB).

2. CHINOY SAID KELLOGG HAD BEEN SELECTED ON BASIS PRESENT BID AND EXCELLENT PREVIOUS RECORD, INCLUDING CONSTRUCTION DAWOOD/HERCULES PLANT AT LAHORE. CHOICE MADE AFTER LENGTHY MEETING BETWEEN PIDC AND MINISTRY OF PRODUCTION OFFICIALS. CONTRACT FOR AMMONIA PLANT SHOULD BE SIGNED IN ABOUT A WEEK. HOWEVER, DANISH NATIONAL NAMED TOPSOE WHOSE TECHNICAL PROCESS PROPOSED FOR USE BY A COMPETING MULTI-NATIONAL CONSORTIUM, SNAM, HAD MADE STRENUOUS OBJECTIONS TO PIDC CHAIRMAN FARIDI. EMBASSIES COUNTRIES PARTICIPATING IN SNAM CONSORTIUM (DANISH, SPANISH, FRENCH AND ITALIAN) CHINOY BELIEVED, HAVE ALSO PROTESTED TO FOREIGN OFFICE THAT SNAM WITH IHS MARGINALLY LOWER BID, GOVERNING LESS SATISFACTORY PROGRAM, HAD NOT BEEN SELECTED. CHINOY FEARS SNAM PROTESTS TO MFA MAY HOLD UP KELLOGG CONTRACT AND HENCE PLANT CONSTRUCTION WHICH WOULD BE CONTRARY BOTH KELLOGG AND USG INTERESTS.

3. CHINOY STATES R.W. NEWMAN OF BRITISH EMBASSY AND JENKINS, BRITISH CONSULATE, LAHORE, WE-INFORMED CONCERNING DETAILS KELLOGG DIFFICULTIES BECAUSE OF UK INTEREST. (UK TECHNICIANS FROM KELLOGG BRANCH IN UK PROBABLY TO BE USED FOR PLANT CONSTRUCTION).

4. CONGEN SUGGESTS EMBASSY CONTACT BRITISH EMBASSY AND COORDINATE ANY APPROPRIATE INFORMAL STEPS NEUTRALIZE SPANISH, FRENCH, ITALIAN AND DANISH PROTESTS IN ORDER KEEP AMMOINIA PLANT CONTRACT SIGNING WITH KELLOGG ON SCHEDULE. CHINOY BELIEVES PIDC CHAIRMAN FARIDI, WHO MADE HURRIED TRIP TO ISLAMABAD NOVEMBER 12, AND MIN-PRODUCTION OFFICIALS WHOLEHEARTEDLY ON KELLOGG SIDE BUT FEARS MFA INTERFERENCE MIGHT CAUSE DELAY.
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